



Air Quality Permitting Statement of Basis

April 16, 2004

Tier I Operating Permit No. T1-030015

J.R. Simplot Co., Caldwell

AIRS Facility No. 027-00009

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FINAL TIER I OPERATING PERMIT MODIFICATION

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ACRONYMS, UNITS, and CHEMICAL NOMENCLATURE

CFR	Code of Federal Regulations
DEQ	Idaho Department of Environmental Quality
EPA	U.S. Environmental Protection Agency
IDAPA	a numbering designation for all administrative rules in Idaho promulgated in accordance with the Idaho Administrative Procedures Act
NSPS	New Source Performance Standards
<i>Rules</i>	<i>Rules for the Control of Air Pollution in Idaho</i>
Simplot	J.R. Simplot Co.

PUBLIC COMMENT / AFFECTED STATES / EPA REVIEW SUMMARY

In accordance with IDAPA 58.01.01.364 of the *Rules for the Control of Air Pollution in Idaho (Rules)*, a 30-day public comment period for the J.R. Simplot Co. (Simplot) draft Tier I operating permit was held from November 12, 2003, through December 12, 2003. Comments were received from Simplot on December 12, 2003; no other comments were received. A comment response package is contained in the Appendix of this document. A proposed permit was then crafted and sent to EPA for their review in accordance with IDAPA 58.01.01.366. EPA's review period commenced December 23, 2003. On February 2, 2004, EPA notified DEQ in writing that they are not commenting on the proposed permit and that the permit is eligible for issuance.

IDAPA 58.01.01.008.01 defines *affected states* as: "*All states: whose air quality may be affected by the emissions of the Tier I source and that are contiguous to Idaho; or that are within 50 miles of the Tier I source.*"

A review of the site location information included in the permit application indicates that the facility is located within 50 miles of a state border. Therefore, the state of Oregon was provided an opportunity to comment on the draft Tier I operating permit.

1. PURPOSE

The purpose of this technical analysis is to satisfy the requirements of IDAPA 58.01.01.300-386 of the *Rules* for Tier I operating permits.

2. SUMMARY OF EVENTS

On November 7, 2002, Simplot filed a petition for a contested case proceeding in regard to Tier I Operating Permit No. 027-00009, dated October 4, 2002. Representatives of Simplot and the Idaho Department of Environmental Quality (DEQ) met on January 16, 2003, to discuss possible resolutions to the issues raised in the contested case petition. During this meeting, it was determined that the issues in Simplot's appeal of the Tier I permit stemmed from: 1) underlying requirements in Permit to Construct (PTC) No. 027-00009, dated December 10, 2001, 2) the compliance schedule contained in the Tier I permit regarding construction of the ethanol plant without obtaining a PTC, and 3) typographical errors or clarification of several terms within the Tier I permit. After a review of these issues, it was determined that the petition could be resolved by revising the terms of the existing PTC, issuing a PTC for the ethanol plant, and modifying the Tier I permit. On March 7, 2003, DEQ received a submittal from Simplot including a request for revisions to the existing PTC, a permit application for the ethanol plant, and a request for modifications to the Tier I permit.

Permit to Construct No. 027-00009, dated December 10, 2001, was revised as PTC No. P-030014, and reissued on October 17, 2003, in accordance with the provisions of IDAPA 58.01.01.200 et seq. On October 17, 2003, DEQ also issued PTC No. P-030013, for the ethanol production plant. A revised Tier I permit, including the applicable conditions of PTCs No. P-030013 and P-030014, was also drafted.

A draft Tier I permit and technical memorandum were provided to Simplot for their 10-day review period on June 9, 2003. Minor comments were received from Simplot on June 23, 2003. These comments were incorporated into the draft Tier I permit, and the permit was prepared for public comment on October 30, 2003. A draft of the Tier I permit was made available for public comment from November 12, 2003 through December 12, 2003. DEQ received comments from Simplot on December 12, 2003; these comments are addressed in the Appendix of this document. The proposed Tier I permit and this statement of basis were then prepared for the U.S. Environmental Protection Agency's (EPA's) 45-day review period. A proposed permit was then crafted and sent to EPA for their review in accordance with IDAPA 58.01.01.366. EPA's review period commenced December 23, 2003. On February 2, 2004, EPA notified DEQ in writing that they are not commenting on the proposed permit and that the permit is eligible for issuance.

3. REGULATORY ANALYSIS

This section of the technical analysis specifically outlines modifications made to Tier I Operating Permit No. 027-00009, dated October 4, 2002. For regulatory purposes, this Tier I permit modification will be processed as a significant permit modification due to the removal of the compliance schedule in Section 8 of the permit (refer to IDAPA 58.01.01.382). The modified Tier I permit will be reissued as Tier I Operating Permit No. T1-030015.

This analysis does not address the technical or regulatory aspects of the permit conditions revised or developed for either of the two PTC projects (i.e., PTC No. P-030013 for the ethanol plant and PTC No. P-030014 for the anaerobic digester). These aspects of the PTC projects are addressed in the technical memorandums for each respective PTC. The revisions made to these PTCs have been incorporated into the modified Tier I permit. It should also be noted that, as a result of this permit modification, minor

numbering and format changes have been made to the Tier I permit; however, these changes are inconsequential and are not specifically addressed in this analysis.

3.1 Fugitive Emissions Limitations – Permit Condition 1.1

Permit Condition 1.1 in the October 4, 2002, Tier I permit is an applicable requirement taken from PTC No. 027-00009, dated December 10, 2001 (hereafter, the existing PTC). The existing PTC contains provisions for the anaerobic digester, among other sources. The existing PTC has been revised and no longer includes the requirement that “visible emissions shall not be observed leaving the property boundary...”, but rather, requires reasonable control of fugitive emissions (per IDAPA 58.01.01.650-651) and development and implementation of a fugitive dust control plan.

The permitted facility is bordered by farmland. When this land is disturbed by agricultural activities, wind-blown dust can cross the facility boundary making compliance with the existing PTC requirement difficult. To resolve this fugitive dust issue, while still protecting ambient air quality, Simplot proposed to develop and implement a fugitive dust control plan in lieu of the “visible emissions shall not be observed leaving the property boundary...” requirement. The fugitive dust control plan is a pro-active, prescriptive approach to control fugitive emissions and is a more meaningful permit condition. DEQ does not view this permit revision as a relaxation of an applicable requirement, nor as an increase of emissions. Implementation of a fugitive dust control plan should reduce the generation of fugitive emissions.

3.2 Visible Emissions Monitoring – Permit Condition 1.8

As part of this Tier I permit modification, a typographical error in Permit Condition 1.8 of the October 4, 2002, Tier I permit has been corrected for clarification purposes. Specifically, the phrase “In addition to the requirements contained in Permit Conditions 2.15, 5.12, and 6.2 . . .” has been deleted because it made the permit condition confusing. Permit Condition 1.8 (renumbered as Permit Condition 2.8 in the modified permit) now requires that all potential sources of visible emissions be subject to a quarterly visible emissions observation. Permit Conditions 3.15, 6.12, and 7.2 in the modified Tier I permit refer back to Permit Condition 2.8 as the compliance determination method for visible emissions, so the revised permit condition is not relaxation of the permit.

3.3 Approved Performance Test Methodology – Permit Condition 1.25

Permit Condition 1.25 of the October 4, 2002, Tier I permit set forth a list of approved EPA performance test methodologies. Simplot’s November 7, 2002, petition requested the addition of several EPA test methodologies to this list.

DEQ agrees that some sources at the facility may be appropriately tested under alternative methods to those listed in Permit Condition 1.25; however, those alternate methods may not be appropriate for other sources at the facility. Conversely, some of the test methods listed in Permit Condition 1.25 may not be appropriate for every source at the facility. To alleviate this confusion and to avoid prescribing specific test methodologies that may not be appropriate, DEQ has removed Permit Condition 1.25 from the modified Tier I permit. Permit Condition 1.25 is an informational permit condition for which compliance is not required. Consequently, its removal from the permit is not a relaxation of the permit. DEQ does, however, recommend that Simplot submit a written performance test protocol to DEQ for approval prior to conducting any test. Failure to submit a protocol for approval may result in DEQ’s inability to accept the performance test results as valid test data.

3.4 Reporting Requirements – Permit Conditions 2.16, 2.17, 2.18, 5.13, 5.14, and 6.5

Permit Conditions 2.16, 2.17, 2.18, 5.13, 5.14, and 6.5 in the October 4, 2002, Tier I permit require that Simplot submit semi-annual compliance reports to both DEQ and EPA. Simplot's November 7, 2002, petition requested that the references to EPA be deleted from the Tier I permit.

The provisions of 40 CFR 70.6(a)(3)(iii), IDAPA 58.01.01.322.08, and General Provision 24 of the Tier I permit do not require that semi-annual reports must be submitted to EPA; therefore, all references to EPA have been removed from these permit conditions. Semi-annual reports will only be sent to DEQ, although it should be noted that these documents will be made available to EPA upon request.

3.5 Ethanol Plant Permit Requirements – Section 6

When the Tier I permit was issued on October 4, 2002, the permit conditions in Section 6 were not established as applicable requirements in a PTC. In order for the applicable requirements to be enforceable as a practical matter, emissions from the ethanol plant had to be evaluated in accordance with IDAPA 58.01.01.200 et seq. DEQ also determined that federal NSPS requirements apply to the ethanol plant; therefore, the applicable NSPS requirements were reviewed for permit applicability. Once the regulatory analysis was completed, a draft PTC was developed and provided for facility review. The final PTC (No. P-030013) was issued to Simplot on October 17, 2003.

Based upon PTC No. P-030013, Section 6 of the October 4, 2002, Tier I permit has been revised and now appears as Sections 7 and 8 of the revised Tier I permit.

3.6 Compliance Schedule – Section 8

The compliance schedule contained in Section 8 of the October 4, 2002, Tier I permit was required because the ethanol plant was constructed without obtaining a PTC prior to construction. DEQ has issued PTC No. P-030013 for the ethanol plant, that establishes the underlying applicable requirements and satisfy the condition to obtain a PTC for the ethanol plant as mandated by the compliance schedule contained in the October 4, 2002, Tier I operating permit. Because this requirement will be satisfied, there is no longer a need to retain the compliance schedule in the modified Tier I operating permit.

4. FEES

Simplot's Caldwell facility is a major facility as defined by IDAPA 58.01.01.008.10; therefore, registration and registration fees apply in accordance with IDAPA 58.01.01.387. There is no fee associated with this modification project.

5. RECOMMENDATIONS

Based on the Tier I application and review of state rules and federal regulation, staff recommend that DEQ issue final Tier I operating Permit No. T1-030015 to the J.R. Simplot Co. for their Caldwell facility.

SO/sd Project No. T1-030015

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APPENDIX
RESPONSE TO PUBLIC COMMENTS
J.R. Simplot Co./ T1-030015

December 15, 2003

**STATE OF IDAHO
DEPARTMENT OF ENVIRONMENTAL QUALITY
RESPONSE TO PUBLIC COMMENTS
ON DRAFT AIR QUALITY TIER I OPERATING PERMIT
FOR J. R. SIMPLOT COMPANY, CALDWELL, IDAHO**

INTRODUCTION

As required by IDAPA 58.01.01.364 of the *Rules for the Control of Air Pollution in Idaho*, the Idaho Department of Environmental Quality (DEQ) provided for public notice and comment, including offering an opportunity for a hearing, on the Tier I operating permit drafted for J.R. Simplot Company's (Simplot), Caldwell, Idaho facility. Public comment packages, which included the application materials, and draft permit and statement of basis, were made available for public review at the Caldwell Public Library, DEQ's Boise Regional Office, and DEQ's State Office in Boise. The public comment period was provided from November 12, 2003 through December 12, 2003. Comments were received from Simplot; no other comments were received by DEQ. Those comments regarding the draft permit are provided below with DEQ's response immediately following. No entity requested a hearing.

PUBLIC COMMENTS and DEQ RESPONSES

Comment 1: **Tier I Permit Scope – Permit Condition 1.2**

Simplot submitted a comment noting that Permit to Construct (PTC) No. 027-00009, dated December 31, 1997, had not been included in Permit Condition 1.2.

Response to 1: DEQ acknowledges Simplot's comment, and has revised the proposed Tier I permit to include PTC No. 027-00009, dated December 31, 1997, within Permit Condition 1.2. The draft Tier I permit presented for the public comment period does include applicable conditions from this existing PTC, and should have been listed within the Tier I permit's scope.

Similarly, a consent order signed by DEQ on October 7, 1999, was not included within the list in Permit Condition 1.2; however, applicable requirements from this consent order appear in the Tier I permit. This consent order has been included in the proposed Tier I permit.

Comment 2: **Biogas Unit Monitoring – Permit Condition 6.8**

Simplot submitted a comment requesting that the monitoring requirement language in Permit Condition 6.8 be changed from "...once on a monthly basis." to "...at least once on a monthly basis."

Response to 2: Simplot has requested this change in order to allow additional data that may be collected for the digester to be used as monitoring/compliance data (i.e., the facility generally gathers this information more frequently than monthly). DEQ acknowledges Simplot's request in this matter and has revised the proposed Tier I permit accordingly. It should be noted that this revision does not relax or conflict with any requirement of the draft Tier I permit presented for the public comment period.

Comment 3:

Miscellaneous Permit and Technical Memorandum Language and Numbering

Simplot submitted comments noting two typographical errors within the draft permit. Specifically, Simplot notes a formatting error in Permit Condition 2.9.3.2, and an error regarding the issuance date of the PTC referenced in Permit Condition 3.7.

Response to 3:

DEQ concurs with Simplot; therefore, these errors in the draft permit have been corrected in the proposed permit.